

P: 877.747.4889
E: info@renovateamerica.com
W: renovateamerica.com

15073 Ave. of Science
Suite 200
San Diego, CA 92128

Statement of Ari Matusiak, Senior Vice President of Renovate America, Inc. supporting House Bill 6995

AN ACT CONCERNING THE RESIDENTIAL PROPERTY ASSESSED CLEAN ENERGY PROGRAM

**Energy & Technology Committee Public Hearing
March 17, 2015**

Thank you for the opportunity to join you here today.

Renovate America is pleased to provide its support to HB 6995, which would create the platform for a robust residential Property Assessed Clean Energy (PACE) program in Connecticut.

Renovate America was founded in 2008 in San Diego, California. We are a tech finance company that empowers people to afford efficient home energy products. Our Home Energy Retrofit Opportunity, or HERO, Program is the fastest growing energy efficiency financing solution in the Nation and accounts for 95% of the residential PACE financing market. Since we launched HERO in December 2011, we have helped over 25,000 homeowners improve their homes.

Our experience proves that PACE works. Our \$500 million in financing to more than 25,000 homeowners generated over \$900 million in local economic stimulus and created over 4,500 local jobs. The products installed have already saved homeowners more than \$1 billion in utility bills, reduced carbon emissions by greater than 900,000 tons, and saved over 3.3 billion kWh in energy and more than 450 million gallons of water used. HERO has the highest penetration rate of any energy efficiency financing in the country. And we are just getting started.

The leadership from the Connecticut Green Energy Bank testified earlier to the specific workings of HB 6995. I associate myself with those remarks, focusing my testimony on our experience as the largest provider of PACE financing in the country and translating it to the opportunity before you today.

Statutorily, this legislation creates the necessary framework and structure to enable a viable and robust residential PACE program in Connecticut. Our analysis, conservatively modeled off of our experience in California, but based on Connecticut's housing stock, energy rates and product adoption, points to the significant positive impact HB 6995 could have.

Assuming a 1% penetration rate, Connecticut should see over 1,800 net new private sector jobs created annually and more than \$430 million of annual economic stimulus. We admire the leadership Connecticut has already shown with respect to renewable energy and emission reductions targets. HB 6995 will be a further catalyst to your efforts: 83 GWh in annual energy saved (translating to over \$8 million), over 460 million gallons of water saved annually and greater than 21 thousand tons of annual reductions in CO2 emissions. All due to HB 6995. All without costing a single taxpayer dollar.

PACE is a powerful model for a number of reasons. First, it is voluntary: homeowners make the decision on their own whether it is the right financing option for them. Second, it is a private sector solution to a public goods challenge: it allows a community to make progress on its energy efficiency and renewable energy goals without the allocation of public dollars. Third, it creates an affordable option, enabling a homeowner to procure higher quality, energy efficient products that save money over the long run and that can increase the value of their home. Finally, though private sector in its delivery, PACE is a true public-private partnership. Entities like Renovate America cannot participate in the marketplace without the express permission of the community. In California, for example, over 250 cities and towns have invited us to offer our financing to their residents. We are accountable to each of them individually for our performance and service, and we partner with them to deliver value to their residents. I am proud to say that we have 100% community retention.

At the individual consumer level, our results are strong and, I hope, compelling to you in your decision-making. While HERO underwriting criteria is based primarily on home equity, we do monitor and analyze the profile of the average HERO customer. According to our records, the average HERO customer has a FICO score of approximately 700 and a CLTV below 80%. To date, the default rate for HERO properties is well below California and national rates at only 0.07%. There have been no property tax foreclosures and \$0 in losses to first deed of trust lenders due to HERO. Further, our consumer surveys show that 93% of our property owners would recommend their contractor to a friend or relative and 95% would recommend HERO to friends or family.

Those survey numbers are undergirded by the lengths we go to protect our consumers. We take our public-private partnership seriously and think of ourselves as a company working in the public trust. To that end, we offer consumer protection no other traditional financing does.

Contractor Certification and Compliance:

HERO registered contractors must be licensed, bonded and insured. We require all individuals affiliated with contractors to register and pass identity verification. Contractors must comply with a comprehensive schedule of “Contractor Business Practices” which lists twenty practices ranging from thorough disclosure requirements and ethical practices to equitable dispute resolution. We have a compliance escalation and re-education process for contractors with compliance issues and have terminated both individuals and companies from the Program in rare cases when non-compliance is irremediable.

Our platform gives HERO a significant amount of leverage to ensure consumer satisfaction. On the front end, our call center representatives conduct identity verifications with property owners, confirm the understanding of financing terms, and confirm that the improvements comprise eligible products. In addition, our call center makes contact with property owners over 64 years old to confirm they understand the financing terms.

On the back end, HERO does not pay the contractor until the homeowner signs a certificate assuring satisfactory project completion. Our compliance department performs spot checks after project completion, investigates and ensures the timely remedy of any consumer workmanship or system performance complaints.

Product Certification:

All of the products financed through HERO must be in our database of eligible products, and therefore meet federal and state standards for energy efficiency. All eligible products must be defined as fixtures. Unlike traditional financing options on the market, HERO protects consumers by assuring that the products financed are of high quality and designed to advance the homeowners energy efficiency, renewable energy and water conservation goals.

Pricing:

We leverage our technology platform to ensure that consumers get a fair price. We have established pricing guidelines for products which are eligible for HERO financing. If a project is submitted for approval that exceeds the guideline, we work closely with the contractor and the property owner to determine whether they have a complete understanding

of the project and whether the project can be adjusted to move forward. Once funded, a homeowner has the option to prepay their assessment without penalty.

I have tried to describe some of the benefits to Connecticut and your residents that you can expect should you move forward with HB 6995 and allow for residential PACE in your communities. This legislation builds on your leadership to-date, leverages the strong institutions like the Connecticut Green Energy Bank you already have in place, and will only further catalyze your efforts to grow your economy, create jobs, and achieve your emissions reduction and overall sustainability goals.

I would be happy to answer any questions you may have. Thank you so much for your time. On behalf of Renovate America, I strongly urge passage of HB 6995.